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1962/09/29

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MEMORANDUM OF TELEPHONE CONVERSATION WITH MR. DONOVAN,
SATURDAY EVENING, SEPTEMBER 29, 1962, AT APPROXIMATELY 8:00 P.M.

Mr. Donovan called to discuss my communication to him
of even date.

Mr. Donovan stated that he thoroughly understood the
conditions of the last two paragraphs of the communication and under
no circumstance would the Cuban release matter be injected into his
political campaign either now or later, that he recognized his obligations
pre-dated his decision to run for office, that he was not particularly
happy over what appeared to be a "conflict" and stated that, of the two
situations, that is his running for office and his efforts to release Cubans,
the latter was much more important to him. I did not ask if he would
withdraw from the campaign, however I feel that such a request from
others would be seriously considered by Mr. Donovan. His statements
over the telephone were positive and without reservation. Note: Never-
theless it is my opinion Donovan's efforts to secure release of the
Cubans, and particularly his success if his mission is successful, will
be used as a basic political position by him.

With respect to costs Donovan stated that Castro had
in his hands a wholesale price list of medical supplies as issued by
major drug manufacturing companies in the United States. Further
indicated that the "shopping list" which he had discussed with Castro
was based upon wholesale U.S. prices. He indicated that these did not
necessarily govern the final arrangement but he did not think Castro
would agree to multiply these prices by a factor of 2 to 3 to establish
what might be considered equivalent Cuban retail prices. In other words,
it was Mr. Donovan's position that this is a trading area that he would
have to work on but he did not wish us to labor under the impression
that the entire transaction would be based on what might be considered
as Cuban retail prices, as such prices actually do not exist for many
desired commodities because none are available in Cuba.

Donovan stated that he, together with CIA agents, the
banks and the lawyers had been working continuously since my talk
with him Thursday noon in an endeavor to produce documentation
which would be satisfactory to Castro. This work was not completed
largely because the banks would only work half a day on Saturday and
hence documentation would not be in final shape until some time Monday.

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Donovan therefore postponed his departure for Cuba until Monday afternoon, at the latest, Tuesday morning. Nevertheless he felt that he should, and could, go down armed with documentation in a form satisfactory to Castro and which would give Castro acceptable guarantee of faithful performance of the Donovan commitment. He therefore felt that if he succeeded he could get the prisoners out promptly.



Donovan informed me that after a thorough study of the Pfizer Company's inventories, Mr. McKee, Chairman, reached the conclusion that Pfizer Company could not meet this entire commitment and that, to do so, would require the resources of Merck and several other drug companies. For this reason Mr. McKee discussed the project with Mr. John Cannon, President of Merck (Note: Mr. Cannon is former General Counsel of the Department of Defense during the Forrestal administration and hence is close to a number of former government officials, including Mr. Ed Foley and Mr. Tommy Corcoran.) Mr. Cannon was concerned about two things. One, approval of the Administration that export to Cuba of such large quantities of drugs would be favorably looked upon by the Administration. Secondly, that collaboration between Pfizer, Merck and other companies would not bring them all under the spotlight of the Anti-Trust Division of the Department of Justice and more particularly the Kefauver Committee. For this reason, Mr. Cannon called Ed Foley who in turn apparently talked to Tommy Corcoran and this accounts for the contact made with the Attorney General's office. I insisted that Donovan must take the position that the Administration was sympathetic to this effort but had nothing whatsoever to do with it officially or financially.

Donovan then commented on a proposed press release which would be distributed to the press after his departure from New York for Miami and Havana. A copy of this press release is attached. It appears appropriate to me.

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As the matter was left, work will proceed on documentation. On Monday Donovan will leave for Miami, at the earliest Monday night, and for Havana Tuesday morning.

The terms and restrictions of his mission are outlined in my communication of September 29th to him, however Donovan continues to feel that the bill will be between \$18 million and \$20 million.

JOHN A. MCCOMB
Director

1cc - Attorney General

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